

Continuing Education (CPE) Corner

With the close of the year approaching very quickly, we are getting many calls on what qualifies as CPE and how to determine what meets the ethics requirements. Here is some information that might help you plan out the remainder of your CPE courses required for your 2009 license.

ETHICS

We have many questions concerning how to determine when an ethics course is required to be taken to satisfy Board Rule 13.2(3). There has also been some confusion because there are some important little words in that rule that frequently get missed. The first word is “accounting”. The second word that gets missed is “any”. The ethics must be accounting ethics – not insurance ethics, not military ethics, etc. The requirement states that you must have at least 4 hours of “accounting” professional conduct and ethics during “any” 36 months period. To help you determine when you need to take an ethics course here is a chart for you:

LICENSE YEAR	36 MONTH LOOK-BACK PERIOD
2009	Must have at least 4 hours of ethics in 2006, 2007, and/or 2008
2010	Must have at least 4 hours of ethics in 2007, 2008, and/or 2009
2011	Must have at least 4 hours of ethics in 2008, 2009, and/or 2010

Remember that if you have the majority of your ethics hours in the oldest year, it will drop off each licensing period. One of the problems we found in CPE audits is people who have had 3 hours of ethics in the oldest year and then had 1 hour of ethics in the last year and they pass the audit for the cycle we are auditing, but when that oldest year drops off the next licensing period, they forget that they need at least 3 hours of ethics to make up for the year that drops off.

BASIC REQUIREMENTS: (Other than Ethics)

GROUP STUDY REQUIREMENT	You must obtain at least 16 hours of group study using the 40 hour rule, or at least 48 hours of group study using the 120 hour rule. Interactive Self-Study is NOT counted as group study.
CONTENT REQUIREMENT	You must obtain at least 24 hours of content-based CPE when using the 40 hour rule or at least 72 hours of content-based CPE when using the 120 hour rule. The areas of content-based CPE are: Accounting/Attest (AA), Ethics (ET), Computer Science (CP), Management Advisory Services (MS), or Taxation (TX). Anything else is considered Other (OT). For example, Finance, Economics, Specialized Knowledge and Applications, Management, etc., are considered Other (OT).
AA REQUIREMENT	If you perform professional services involving attest and/or compilations you must obtain at least 8 hours of AA using the 40 hour rule or at least 24 hours of AA using the 120 Rule.

Another area where we get many questions is what qualifies as CPE. Please be aware that the board staff cannot pre-approve any CPE, but here are some of the things to look for when mapping out your CPE plan:

- Make sure the sponsor is either NASBA registered or is specifically listed as one of the exempt sponsors according to Board Rule 13.4(f).
- Make sure you get CPE that is accounting related. The definition of CPE in Rule 13 states, “CPE is an integral part of lifelong learning required to provide competent professional accounting service to the public. The set of activities that enable accounting professionals to maintain and increase their professional competence (*emphasis added*).” Although there are many courses that provide enrichment opportunities in the areas of your life (self-improvement is an example), they may not always meet the CPE criteria set out in Rule 13.
- Make sure that your provider of CPE gives you documentation of completion of the CPE. You must maintain this documentation for five (5) years in case your CPE is audited. Make sure the certificate has all the required information. You will be surprised how many certificates we receive that are missing something as basic as the participant’s name! Also remember that the “circle the minutes” forms are not acceptable documentation for audit purposes. You must have a signed certificate. For example, the ASCPA provides “circle the minutes” forms that you complete when you attend their programs. You submit these forms, and they place that CPE on your transcript. The transcript is the official documentation we need for audits. All documentation has to come directly from the provider (commonly called “third-party” documentation). Handwritten notes concerning hours, dates, etc. are not acceptable. Also not acceptable are email registration forms, plane ticket stubs, roster lists, receipts for payment of CPE, etc.
- Read Board Rule 13 which covers all the requirements for your CPE. All rules, including Rule 13, can be found on our website: www.arkansas.gov/ASBPA. Please don’t hesitate to contact the board if there is any part of any rule that you don’t understand.